United Nations E/CN.5/2019/NGO/39

Economic and Social Council

Distr.: General
8 November 2018

Original: English

Commission for Social Development
Fifty-seventh session
11–21 February 2019
Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly: Priority Theme: Addressing inequalities and challenges to social inclusion through fiscal, wage and social protection policies

Statement submitted by Society of Catholic Medical Missionaries, Casa Generalizia della Societa' del Sacro Cuore, Company of the Daughters of Charity of St. Vincent de Paul, Congregation of the Mission, Dominican Leadership Conference, International Presentation Association, Partnership for Global Justice, Passionists International, Religious of the Sacred Heart of Mary, School Sisters of Notre Dame, Sisters of Charity Federation, Sisters of Notre Dame de Namur, Society of Catholic Medical Missionaries, UNANIMA International, non-governmental organizations in consultative status with the Economic and Social Council*

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

* The present statement is issued without formal editing.

18-18924 (E) 141118

Please recycle

Statement

Financing Equality: Increasing Revenue for and Spending on Social Protection

The Sustainable Development Goals frame inequality as a multifaceted issue whose causes and effects are not only economic, but also social, environmental and political. They recognize that inequality manifests as disparities of opportunity, security, health, and influence as well as income level and material wealth. Within each goal is a tale of inequality between those who dream of its realization and those who have already tasted it.

The whole globe is plagued by the phenomenon of a growing class of hardworking poor alongside increasingly extreme wealth of ever fewer individuals. This phenomenon betrays a faulty economic growth model, which "creates" wealth yet exacerbates inequality.

Many governments continue to contribute to rising inequality by waiving taxes for the wealthiest individuals rather than for the bottom forty percent of the population. Two major consequences of this fiscal policy trend have been the dramatic decline in public wealth and the simultaneous and equally significant rise of private wealth exhibited in nearly every country on earth from 1980 to today (World Inequality Lab, 2018). In recent years, the governments of the US and UK, though two of the wealthiest nations on earth in terms of private wealth, have actually exhausted their public capital and gone into debt.

Wealth inequality is inevitable according to many economists but, as Professor Jan Tobochnik says, it is not just how the taxing is done but how the revenue is distributed that matters. For the last several decades, governments have been directing ever larger portions of their tax revenue toward military expenditures while squeezing budgetary allocations for the social protection of their most vulnerable. Greater proportions of public revenue must be allocated for social spending if social inequalities are to be diminished.

Taxation and increased social spending alone, however, will be insufficient to meet the social protection needs of the countries furthest behind. According to the Overseas Development Institute's 2018 Financing the End of Extreme Poverty report, 29 UN Member States would not have the revenue available to cover even 50% of their national social protection needs even if they restructure their taxation system to maximize tax revenue. States who are left with the greatest excesses of monetary wealth in the current global trade system must therefore be relied upon to invest more strategically and efficiently in these States with the greatest tax revenue-protection need deficits.

In these circumstances of widening disparities, we call for an era of wealth redistribution through policy reform in the areas of taxation, state social spending, and Official Development Assistance (ODA).

- Progressive taxation, which places a greater tax burden on corporations and the richest individuals than on the poorest in order to redistribute resources in society and ensure the funding of public services, is a key tool for governments that are committed to reducing inequality.
- Social spending on public services such as education, health and social protection has been shown to have a strong impact on reducing inequality, particularly for the poorest women and girls who are the most dependent on them.

➢ ODA is essential to fulfillment of social protection needs in many countries, but it can only fulfill this purpose if directed to states with the greatest demonstrated social protection need and designated for public service expenses.

Although there is a growing awareness of these global problems and their solutions, political will and action are lacking. Considering the urgency of the situation, better policies to reduce inequalities supported by budgetary allocations are critical. Governments must take steps to monitor progress in reducing inequality.

One noteworthy effort in inequality reduction policy is Scotland's "Fairer Scotland Duty" policy, which requires all public bodies to 'pay due regard' to how they can reduce inequalities of outcome caused by socioeconomic disadvantage. Health Scotland is responding to this legislation by implementing a "health inequality impact assessment" prior to making health policy changes.

In India, the Bihar Integrated Social Protection Strengthening Project is in the midst of implementing and scaling up several new social protection delivery systems to reach those who have been left out of previous systems, such as the elderly, disabled, remotely located, and the informally employed. It also hopes to establish a social protection tracking system, which would improve data collection on social service coverage and inform future budget and program designs in this sector.

In East Africa, two of the greatest social protection concerns on the horizon are the effects of climate change on their largely agrarian communities and the rapid urbanization that is already occurring as a result. Ethiopia and Tanzania have begun to respond to these challenges by implementing major public works programs which not only generate income for the region's booming working-age population but also support national efforts in the areas of climate change mitigation and adaptation, social services, student nutrition, and early childhood development. Though social protection schemes in East Africa have typically focused on alleviating rural poverty, nations in the region are currently looking to adapt and scale up social services for a growing population of urban poor. (OECD, 2017, Social Protection in East Africa: Harnessing the Future)

With these examples in mind, we urge Member States to address the root causes and most damaging effects of inequality by replacing the current fiscal policies favoring only the elites with policies that benefit the marginalized sections of the society.

We recommend the UN Member States to:

- Employing progressive taxation schemes that bolster public wealth by drawing from the increasingly excessive private wealth of individuals with the highest incomes and most assets
- Setting limits on individual contributions to political campaigns for elected leadership
- Creating a global tax body under the United Nations to close the loopholes and havens that allow for tax evasion and tax avoidances;
- Increasing investment in domestic social protection services so they can be diversified and adapted to the needs of those in formal and informal employment sectors and in urban and rural settings;
- Integrating biodiversity conservation and climate change mitigation and adaptation strategies with social protection schemes in recognition of the reinforcing relationship between such campaigns, especially in agrarian communities

- Implementing the 2030 Agenda for Sustainable Development (especially targets 10.3 and 10.4), Addis Ababa Action Agenda (especially para 41), and Copenhagen Declaration on Social Development (especially commitment 8.c on enlisting the support of the Bretton Woods Institutions in implementation of social development) by creating mechanisms for employment of historically disadvantaged groups (e.g. children, migrants, women, indigenous peoples, the disabled, and the elderly) in the design, implementation, and evaluation of programs aimed at their fulfillment
- Mainstreaming inequality impact assessments in evaluation processes for policies and programs throughout all areas under government purview (including taxation, budget development, trade, elections, and social protection) to ensure reduction of domestic and international disparities in income, food, water, health, and education is upheld as a cross-cutting priority
- Directing ODA to states with the greatest deficits between maximum potential tax revenue and social protection need and designating those funds for social protection spending